

CITY OF ILWACO, WASHINGTON  
LIMITED TAX GENERAL OBLIGATION BOND, 2009

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ORDINANCE NO. 750

A ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ILWACO, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF A LIMITED GENERAL OBLIGATION BOND OF THE CITY IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$970,000, TO PROVIDE FUNDS TO REBUILD THE FIRE STATION, REFINANCE THE CITY'S 2007 BOND AND TO PAY THE COSTS OF ISSUANCE OF SAID BOND; PROVIDING THE DATE, FORM, AND REPAYMENT TERMS OF SAID BOND AND FOR THE PLEDGE OF THE CITY'S FULL FAITH AND CREDIT TO PAY THE PRINCIPAL THEREOF AND INTEREST THEREON; AND APPROVING THE SALE OF SUCH BOND.

PASSED ON JANUARY 26, 2009

PREPARED BY:

K&L PRESTON GATES ELLIS LLP  
SEATTLE, WASHINGTON

CITY OF ILWACO  
ORDINANCE NO. 750  
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\* Neither this table of contents nor the preceding cover page are a part of this ordinance, and are included solely for convenience of the reader.

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ORDINANCE NO. 750

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WHEREAS, the City Council (the "Council") of the City of Ilwaco, Washington (the "City"), has deemed it in the best interest of the City and its citizens that the City rebuild the fire station (the "Project"); and

WHEREAS, the City has outstanding its Limited Tax General Obligation Bond, 2007, issued under date of July 30, 2007 (the "2007 Bond"), pursuant to Ordinance No. 734 passed by the Council on July 23, 2007 (the "2007 Bond Ordinance"), which remains outstanding in the principal amount of \$160,993.47; and

WHEREAS, the 2007 Bond Ordinance provides that the City may prepay the 2007 Bond in whole or in part, at any time, with no prepayment penalty; and

WHEREAS, the City is authorized, pursuant to RCW 35.37.040 and Chapter 39.36, to incur indebtedness and issue a limited tax general obligation bond for the purpose of providing funds to pay the costs of the Project, refinance the 2007 Bond and pay the costs of issuance of such bond; and

WHEREAS, it is deemed necessary and advisable that the City now issue and sell its limited tax general obligation bond in the principal amount of not to exceed \$970,000 (the "Bond") to pay the costs of the Project, refinance the 2007 Bond and pay the costs of issuance of the Bond; and

WHEREAS, the City has received the offer of The Bank of the Pacific, Long Beach, Washington (the "Bank"), to purchase the Bond, and the Council wishes to accept such offer on the terms and conditions set forth therein and herein;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ILWACO, WASHINGTON, DO ORDAIN as follows:

Section 1.     Definitions. As used in this ordinance, the following words shall have the following meanings, unless a different meaning clearly appears from the context:

**Bank** means The Bank of the Pacific, Long Beach, Washington, or its corporate successor.

**Bond** means the City of Ilwaco, Washington, Limited Tax General Obligation Bond, 2009 in the principal amount of not to exceed \$970,000, issued pursuant to this ordinance.

**Bond Fund** means the limited tax general obligation bond redemption fund of the City established pursuant to Section 5.

**Bond Register** means the registration books showing the name, address and tax identification number of each registered owner of the Bond, maintained pursuant to Section 149(a) of the Code.

**Bond Registrar** means the Treasurer who will register and authenticate the Bond, maintain the Bond Register, effect transfer of ownership of the Bond and pay principal of and interest on the Bond.

*City* means the City of Ilwaco, Washington, a municipal corporation duly organized and existing under the laws of the State of Washington.

*Code* means the federal Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations thereunder.

*Council* means the duly constituted City Council as the general legislative authority of the City.

*Draw* or *Draws* means incremental draws on the Bond as requested by the City.

*Fixed Rate* means a per annum rate of 4.95%.

*Loan Draw Record* means the administrative record kept by the Bank to record the date and dollar amounts of the Draws on the Bond made by the City.

*Project* means the rebuilding of the City's fire station.

*Treasurer* means the Treasurer of the City, or any successor to the functions of the Treasurer.

*2007 Bond* means the City's Limited Tax General Obligation Bond, 2007, issued under date of July 30, 2007, pursuant to the 2007 Bond Ordinance, which remains outstanding in the principal amount of \$160,993.47.

*2007 Bond Ordinance* means Ordinance No. 734 passed by the Council on July 23, 2007.

**Rules of Interpretation.** In this ordinance, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular article, section, subdivision or clause hereof, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this ordinance;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and Sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect;

(e) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2.     Authorization of the Bond. The City shall now issue and sell to the Bank its limited tax general obligation bond in the principal amount of not to exceed \$970,000 (the "Bond") to provide funds to pay the costs of the Project, refinance the 2007 Bond and pay the costs of issuance of the Bond. The Bond shall be designated "City of Ilwaco, Washington, Limited Tax General Obligation Bond, 2009," shall be dated as of the date of its delivery to the Bank, shall be issued in fully registered form in the denomination of \$970,000; provided that the principal amount due and owing thereunder shall be measured by the total Drawings made, as evidenced by the Loan Draw Record attached to the Bond, and shall be numbered in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification.

The Bond shall bear interest on unpaid principal from the date of each drawing thereunder at the Fixed Rate. Interest only shall be due on August 3, 2009, and thereafter the Bond shall be repaid in 40 approximately equal semiannual installments as calculated by the Bank, including interest on unpaid principal, commencing February 3, 2010 and semiannually thereafter on each August 3 and February 3 with the final payment of all principal and interest nevertheless due on August 3, 2029. Interest shall be calculated on the basis of a year of 360 days and twelve 30-day months.

The Bond is not intended to be a revolving obligation; the principal amount outstanding under the Bond may never exceed \$970,000, and principal amounts repaid may not be reborrowed. The available principal of the Bond shall be disbursed as borrowings from time to time by the Bank upon request from the City (each such disbursement herein referred to as a "Draw"), as provided in Section 8 of this ordinance. Drawings may be made at any time between the date of issue of the Bond until August 2, 2009. Draws shall be recorded on the Loan Draw Record attached to the Bond, or in such other form as the City and the Bank may agree. Interest on each Draw shall accrue from the date of that Draw and shall be computed on the basis as described above on the principal amount of the Draw outstanding for the actual number of days the principal amount of the Draw is outstanding.

The proceeds of any Draw shall be expended solely to pay the costs of the Project, refinance the 2007 Bond or pay costs of issuance of the Bond.

Section 3. Registration and Payments. The City hereby appoints the Treasurer to act as the Bond Registrar. The duties of the Bond Registrar hereunder shall be limited to authenticating the Bond and to remitting money to the Bank on the payment dates as provided therein. The Bond shall not be transferable, except in whole to a financial institution. The

Treasurer may determine at any time that she no longer wishes to act as Bond Registrar and thereupon appoint a successor Bond Registrar, which may or may not be the fiscal agency of the State of Washington. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver the Bond and to carry out all of the Bond Registrar's powers and duties under this Ordinance.

Principal of and interest on the Bond shall be payable in lawful money of the United States of America. Installments of principal of and interest on the Bond shall be paid by check, wire, or electronic transfer on the date due to the Bank; *provided, however*, the final installment of principal on the Bond shall be payable only upon presentation and surrender of the Bond by the Bank at the principal office of the Treasurer.

Section 4.     Prepayment. The City reserves the right to prepay principal of the Bond in advance of the scheduled payments, in whole or in part, at any time, with no prepayment penalty. The City will notify the Bank at least 15 days in advance of its intent to prepay. Any partial prepayments will be applied to last maturing principal. In the event of a partial prepayment, it is not the intention of the parties to reamortize the payment schedule.

Section 5.     Bond Fund. There is hereby authorized to be established a fund of the City known as the "Limited Tax General Obligation Bond Redemption Fund, 2009" (the "Bond Fund") for the purpose of paying the principal of and interest on the Bond.

Section 6. Form of Bond. The Bond shall be in substantially the following form:

NO. R-1

UNITED STATES OF AMERICA

\$970,000  
(or as much thereof as is  
shown on the attached  
Loan Draw Record)

STATE OF WASHINGTON  
CITY OF ILWACO  
LIMITED TAX GENERAL OBLIGATION BOND, 2009

INTEREST RATE: 4.95%

MATURITY DATE: AUGUST 3, 2029

REGISTERED OWNER: THE BANK OF THE PACIFIC  
P.O. BOX 738  
LONG BEACH, WA 98631-0738

TAX IDENTIFICATION #: 91-1069728

PRINCIPAL AMOUNT: NINE HUNDRED SEVENTY THOUSAND AND NO/100  
DOLLARS (or as much thereof as is shown on the attached Loan  
Draw Record)

CITY OF ILWACO, WASHINGTON (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above the Principal Amount specified above or so much thereof has been disbursed hereunder, together with interest thereon, from the date of each disbursement of principal at the Interest Rate. Interest only shall be payable on August 3, 2009. Commencing on February 3, 2010, the balance of outstanding principal hereunder shall be repaid in approximately equal installments as calculated by the Registered Owner, including interest, and semiannually thereafter on each August 3 and February 3 with the final payment of all principal and interest nevertheless due on August 3, 2029. Interest shall be calculated on the basis of a year of 360 days and twelve 30-day months.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Installments of the principal of and interest on this bond shall be paid by check or draft of the Treasurer (the "Bond Registrar") mailed on the date such principal and interest is due or by electronic funds transfer made on the date such interest is due to the registered owner or nominee at the address appearing on the Bond Register. Upon final payment of all installments of principal and interest thereon, this bond shall be submitted to the Bond Registrar for cancellation and surrender.

This bond is issued pursuant to Ordinance No. 750 of the City (the "Bond Ordinance"), to provide funds for rebuilding the fire station, refinancing the 2007 Bond and paying costs of issuance of this bond. Capitalized terms appearing on this bond and not otherwise defined herein shall have the meanings given such terms in the Bond Ordinance.

The City reserves the right to prepay principal of this bond in advance of the scheduled payments set forth above, in whole or in part, at any time, with no prepayment penalty in accordance with the terms of the Bond Ordinance. The City will notify the Registered Owner at least 15 days in advance of its intent to prepay.

This bond is not transferable, except in whole to a financial institution.

This bond is not a "private activity bond" as such term is defined in the Internal Revenue Code of 1986, as amended (the "Code"). The City has designated this bond as a "qualified tax-exempt obligation" under Section 265(b) of the Code for investment by financial institutions.

To pay installments of principal of and interest on this bond as the same shall become due, the City hereby irrevocably covenants that it will deposit funds in the City's Bond Fund in amounts sufficient to pay such principal and interest. The full faith, credit and taxing power of the City are hereby irrevocably pledged for the prompt payment of such principal and interest.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of Ilwaco, Washington, has caused this bond to be signed on behalf of the City with the manual or facsimile signatures of the Mayor and the Treasurer of the City as of this 28th day of January, 2009.

CITY OF ILWACO, WASHINGTON

By \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Treasurer